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O.S.A.(CAD) Nos.70 to 73 of 2023

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 22.08.2023

CORAM :

THE HON'BLE MR.SANJAY V.GANGAPURWALA, CHIEF JUSTICE

AND

THE HON'BLE MR.JUSTICE P.D.AUDIKEVALU

O.S.A. (CAD) Nos.70 to 73 of 2023

PHONEPE PRIVATE LIMITED

having its registered office at Unit No.001

Ground Floor, Boston House, Suren Road

Off Andheri-Kurla, Andheri (East)

Mumbai - 400 093

also having its branch office at

#51/117, Nelson Tower, Nelson Manickam Road

Aminjikai, Chennai – 600 029

rep. by its Authorised Signatory, Rahul Kumar

.. Appellant
in all appeals

Vs

1 DIGIPE FINTECH PRIVATE LIMITED

C-25, First Floor, Sector 8, Noida

Gautam Buddha Nagar

Uttar Pradesh - 201301

rep by its Directors.

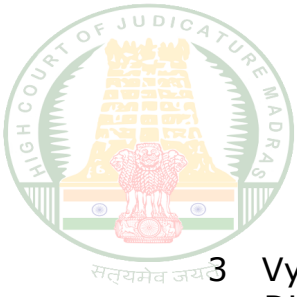
2 Sankar Rao Vysyaraju

Director at Digipe Fintech Private Limited

C-25, First Floor, Sector 8, Noida

Gautam Buddha Nagar

Uttar Pradesh – 201301.



O.S.A.(CAD) Nos.70 to 73 of 2023

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3 Vysyaraju Sreenivasrao
Digipe Fintech Private Limited
C-25, First Floor, Sector 8, Noida
Gautam Buddha Nagar
Uttar Pradesh – 201301.

.. Respondents
in all appeals

Prayer: Appeals under Order XXXVI Rule 9 of the Original Side Rules read with Clause 15 of the amended Letters Patent and read with Section 13 of the Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts (Amendment) Act to set aside the fair and decretal order passed by the learned Judge in OA Nos.809 to 812 of 2022 in CS (Comm. Div) No.248 of 2022, dated 7.6.2023 and allow the present appeals.

For the Appellant : Mr.Sathish Parasaran
Senior Counsel
for M/s.P.Giridharan,
H.Siddharth and
Siddharth Govind

For the Respondents : Mr.R.Sathish Kumar

COMMON JUDGMENT
(Delivered by the Hon'ble Chief Justice)

The unsuccessful applicant/plaintiff is the appellant herein. These appeals are filed challenging the common order dated 7.6.2023 passed by the learned Single Judge in O.A.Nos.809 to 812 of 2022.

Page 2 of 22

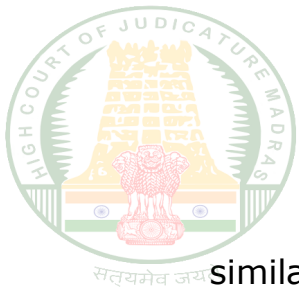


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2. For the sake of convenience, the parties are referred to as per the original designations in the suit.

3. The plaintiff herein had filed C.S. (Comm. Div.) No.248 of 2022. Pending suit, the plaintiff filed O.A.Nos.809 to 812 of 2022 seeking interim injunction to restrain the defendants from infringing the registered trademark of the plaintiff "PhonePe" by using the "DigiPe" mark and passing off the trademark "PhonePe" by use of their mark "DigiPe". The plaintiff also sought an injunction to restrain the defendants from using the domain name DigiPe.com, etc. The plaintiff also sought an order of injunction restraining the defendants from passing off the trade dress/copying the contents of the plaintiff's domain name.

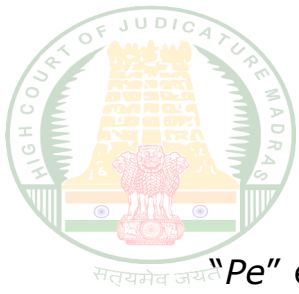
4. The learned Single Judge dismissed the Original Applications on the ground that plaintiff failed to make out a *prima facie* case for grant of interim injunction. It was held that the plaintiff failed to disclose material facts concerning dismissal of the



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similar interim applications filed against third parties before the other High Courts which, if disclosed, will have a bearing on the outcome of the said applications.

5.1. Mr.Satish Parasaran, learned Senior Counsel for the plaintiff, vehemently contends that the plaintiff coined the distinctive "PhonePe" mark in the month of September, 2015 in relation to its service/platform. The said "PhonePe" trademark is a combination of two words "Phone" and "Pe". The word "Pe" does not exist in English language and the term "Pe" in the plaintiff's PhonePe trademark was adopted as a unique source identifier. The unique spelling in English and capitalization of the "Pe" feature confers inherent distinctiveness and the same is automatically entitled to protection as an essential feature of the "PhonePe" Trademark. The plaintiff has also obtained trademark registrations of various *PhonePe* trademarks, as a family of marks, which includes marks that are phonetically similar to "PhonePe" such as "FonePay", "Fonepe", "Foneis", as well as phonetically dissimilar marks such as "CardPe" and "StorePe", which bear the formative



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"Pe" element. Due to to wide usage and popularity of the plaintiff's trademarks, it is claimed that the annual turnover of the plaintiff is in excess of Rs.68,980 lakh.

5.2. It is further submitted that the plaintiff launched its "PhonePe" App on 29.8.2016 and the said application is an instant payment solution that facilitates payments via mobile payment applications. The application of the plaintiff acts as a container for various payment instruments, including but not limited to wallet, debit/credit card, Unified Payment Interface (UPI) and external wallets. The plaintiff provides its services to businesses/ merchants by enabling them to accept payments and services from its customers for the products or services on their platform. The application can also be used to pay bills, recharge, send money, et al. The plaintiff was a pioneer in the digital payment industry in India and is one of the leading and most popular digital payments and financial services companies with more than 400 million registered users. As of September, 2022, the plaintiff has more than 37 crore users and almost 1/3rd of the population of India is on



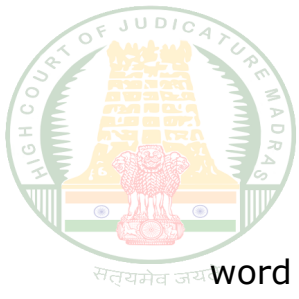
O.S.A.(CAD) Nos.70 to 73 of 2023

WEB COPY

the PhonePe App as registered users. The recognition received by the plaintiff and its services also evidences the tremendous goodwill and reputation across India.

5.3. Learned Senior Counsel further submitted that the plaintiff issued a cease and desist notice dated 5.8.2022. The respondent, vide letter dated 20.8.2022, having admitted that they are aware that the mark of the plaintiff is well-known and would amicably settle the issue, dishonestly proceeded to file a trademark application for registration of the offending mark "*DigiPe*" on 26.9.2022. Inasmuch as the defendants have admitted that the plaintiff's mark is a well-known trademark, they are estopped from raising objections with regard to the popularity of the plaintiff's "*PhonePe*" trademark.

5.4. It is also submitted by learned Senior Counsel that the distinctive elements of the "*PhonePe*" mark consist of the word Phone and Pay, which is uniquely spelled as "Pe" and merged as "*PhonePe*" indicating the nature of business of the plaintiff. The



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word "Pe" is a distinctive adoption and is attached to Phone to signify the business being done, i.e., financial and payment related services "on" mobile. He added that even on a cursory glance of the mark of the defendants "DigiPe", it can lead to confusion in the minds of the public at large as well as any person of average intelligence implying that "DigiPe" is a part of a bouquet of services operated by "PhonePe". The intention of the defendants is to get benefit from the significant goodwill and reputation that the plaintiff has amassed for the PhonePe trademarks.

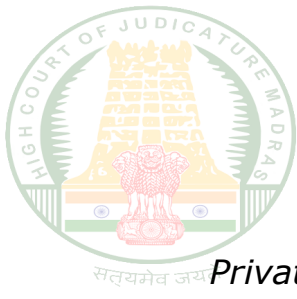
5.5. Learned Senior Counsel asserts that though the defendants have contended that the "DigiPe" application is not useful for any individual customers and the same is confined to merchant establishments and that their target customers are entirely different to the customers of the plaintiff and therefore there is no question of confusion, the defendants on their website have categorically stated that DigiPe App caters to the needs of both merchants and customers.



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5.6. Referring to Rule 28 of the Trademark Rules, 2017, it is submitted that the dominant "Pe" mark, though registered in Devanagari as "is" and is pronounced in English as Pe, has to be given equal level of protection as it is in the natural language of statement and no transliteration is required to convey the meaning. If the validity of the registration of the trademark is not brought in issue, the statutory assumption that the marks are valid must be accepted as per Section 32 of the Trademarks Act, 1999. The defendants have themselves sought to register Digipe under the same classes in which the plaintiff is operating and, hence, the defendants cannot question the validity of the mark of the plaintiff.

5.7. To fortify the submission that once the validity of the registration of the trademark is not brought in issue, the statutory assumption that the marks are valid must be accepted, reliance is placed on a judgment of a Division Bench of the Delhi High Court in the case of *PEPS Industries Private Limited v. Kurlon Limited, 2022 SCC OnLine Del 3275*, wherein the view taken in the judgment of a learned Single Judge of the Delhi High Court in the case of *PhonePe*

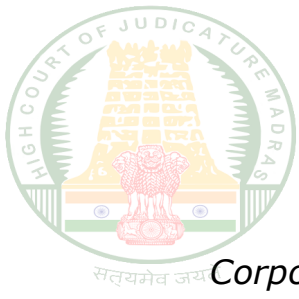


O.S.A.(CAD) Nos.70 to 73 of 2023

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Private Limited v. Ezy Services, 2021 SCC OnLine Del 2635, relied upon by the defendants, was not accepted.

5.8. It is further submitted that the dominant portion of a mark has the greater strength or carries more weight. The major feature of the mark "PhonePe" is "Pe", as coined by the plaintiff and such dominant feature, if unique, is entitled to protection. To buttress the said argument, reliance is placed on a Division Bench the judgment of the Delhi High Court in the case of *South India Beverages Pvt Ltd v. General Mills Marketing Inc and another, 2014 SCC OnLine Del 1953*. It is added that where a family of marks is involved, as in the present case, the identification of the dominant part is greatly simplified and, hence, protection has to be granted to the party possessing the family of marks. In this regard, reference has been made to a judgment of the learned Single Judge of the Delhi High Court in the case of *Bennet, Coleman and Company Ltd v. Vnow Technologies Private Limited and another, 2023 SCC OnLine Del 864*. Further reliance has been placed on the judgment of the United States District Court in the case of *McDonald's*



O.S.A.(CAD) Nos.70 to 73 of 2023

WEB COPY

Corporation v. Druck and Gerner DDS, PC., 814 F. Supp. 1127 (1993), wherein the prefix "Mc" used by McDonalds in combination with a generic food name as a common component of family of marks was recognized.

5.9. Distinguishing the judgment delivered by a learned Single Judge of the Bombay High Court in the case of *Phonepe Private Limited v. Resilient Innovations Private Limited [Order dated 6.4.2023 in Interim Application (L) No.25032 of 2021]*, it is submitted that the the issue of bouquet of marks and family of marks was not dealt with by the Bombay High Court and, that apart, the mark "is" has not been considered and the test of prosecution history estoppel was wrongly applied. To bolster the said argument, learned Senior Counsel referred to the judgment of a learned Single Judge of this Court in the case of *Neuberg Hitech Laboratory Pvt Ltd v. Ganesan's Hitech Diagnostic Centre Pvt Ltd, MANU/TN/5682/2022*, wherein it is held that interim relief cannot be refused on the ground of prosecution history estoppel. It is submitted that the Delhi High Court and the Bombay High Court did



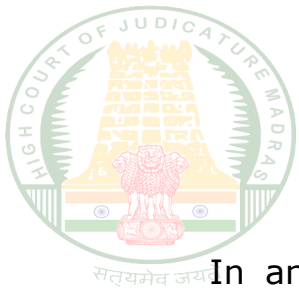
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not consider the judgment of the Madras High Court in the case of

Neuberg Hitech Laboratory Pvt Ltd (supra).

6.1. Per contra, Mr.R.Sathish Kumar, learned counsel for the defendants, contends that the marks "*PhonePe*" and "*DigiPe*" are dissimilar. To claim a part of their trademark "*Pe*", which is common in both marks, is barred by Section 17 of the Trademarks Act, 1999. The word "*Pe*" forms a part of the registration "*PhonePe*" and there is no registration for English word "*Pe*" separately and only the Hindi "*is*" is registered.

6.2. The next plank of the argument is that the word "*PhonePe*" means "*on the phone*" and is, therefore, generic. As regards the acquired distinctiveness, it is submitted that it depends on the factual finding on the facts of each case. Though "*Pe*" is phonetically identical to "*Pay*", the plaintiff has represented it as "*Pe*" to the public and there is no material before the Court to show that there are advertisements or indications that the plaintiff has educated or advertised this to the public in any manner whatsoever.

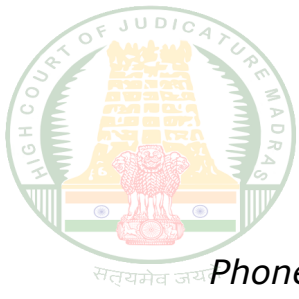


O.S.A.(CAD) Nos.70 to 73 of 2023

WEB COPY

In any event, it is submitted that the word "PhonePe" is clearly generic and not descriptive and even if it is taken as descriptive, the same cannot have acquired distinctiveness. In support of his submission, reliance is placed on a judgment of the Delhi High Court in the case of *Marico Limited v. Agro Tech Foods Limited*, 2010 SCC OnLine Del 3806.

6.3. Learned counsel for the defendants further submitted that the trademark "PhonePe" cannot be said to have acquired any distinctiveness. The acquisition of distinctiveness is a matter of fact and a decision on distinctiveness could be made only after evidence is adduced by the parties. In this regard, reliance is placed on the judgment of a learned Single Judge of the Delhi High Court in the case of *PhonePe v. Ezy Services*, 2021 (86) PTC 437. Drawing attention to paragraph 8(i) of the very same judgment, it is pointed out that the plaintiff had admitted before the Delhi High Court that "CardPe" was the prior user and adopter of the "Pe" formative mark and the said fact belies the plaintiff's submission that it was the innovator thereof. The Bombay High Court judgment in



O.S.A.(CAD) Nos.70 to 73 of 2023

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Phonepe Private Limited v. Resilient Innovations Private Limited (supra) is also referred to assert that the plaintiff is not the first person to use the trademark "*PhonePe*" and such averment in the plaint is palpably wrong.

6.4. Learned counsel for the defendants submitted that the plaintiff has first approached the Delhi High Court seeking injunction against the trademark "*BharatPe*" and next approached the Bombay High Court against the trademark "*PostPe*". Although the said facts precede the filing of the instant suit, the same were not brought to the notice of the learned Single Judge who initially granted ex parte injunction and the suppression of facts disentitles the plaintiff from claiming equitable relief of injunction either on infringement or passing off.

6.5. It is further submitted that the defendants' DigiPe App facilities services only to merchant establishments and the same cannot be used by an individual customer and, therefore, the services offered by the plaintiff and the defendants are different and



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there is no overlapping of services, which is the main factor to be considered in an action for passing off.

6.6. Refuting the argument of learned Senior Counsel for the plaintiff that the defendants in their reply have accepted that status of the plaintiff's trademark as well-known, it is submitted that the reply has to be considered in its entirety and a sentence should not be read in isolation. In the said reply, it is categorically stated that as the goods and trademarks are different, there would be no confusion amongst the public and the marks have to be taken as a whole and when compared PhonePe and DigiPe are different.

6.7. It is submitted that the question whether the trademark "PhonePe" is distinctive or descriptive itself is not prima facie clear and two High Courts have refused injunction. The balance of convenience is in favour of the defendants, as the similarly placed defendants have not been restrained on account of suppression and forum-shopping by the plaintiff. In any event, as the suit itself is ready for trial, the issues can be framed and they can be dealt with



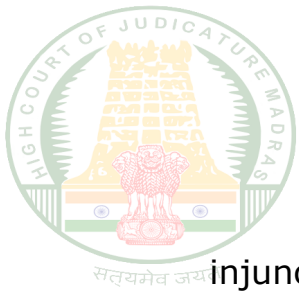
O.S.A.(CAD) Nos.70 to 73 of 2023

and resolved in the trial. In effect, he prayed for dismissal of the appeals.

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7. We have considered the rival submissions on either side and perused the documents available on record.

8. The plaintiff filed the suit to declare the "PhonePe" mark as well-known trademark under Section 2(1)(zg) read with Section 11 of the Trademarks Act, 1999. Along with the relief of declaration, the plaintiff sought permanent injunction restraining the defendants and all other persons claiming through or under them from in any manner infringing the registered trademarks "PhonePe" of the plaintiff by using the "DigiPe" marks and/or any other identical or deceptively similar mark in any manner whatsoever. So also permanent injunction was sought to restrain the defendants and all other persons claiming through or under them from in any manner passing off and/or enabling others to pass off the plaintiff's trademark "PhonePe" by using the "DigiPe" mark, with other consequential reliefs of injunction. Applications for temporary



O.S.A.(CAD) Nos.70 to 73 of 2023

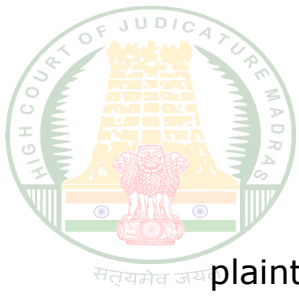
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injunction pending the hearing and final disposal of the suit were also filed.

9. Initially, the learned Single Judge was pleased to grant ad interim injunction. However, under the impugned order, the said ad interim injunction is vacated. Aggrieved thereby, the present appeals.

10. It appears that the "PhonePe" is a registered trademark of the plaintiff. The same is a distinctive mark conceived and adopted by the plaintiff as early as September, 2015. The Hindi equivalent of the word "Pe", to wit "is", is registered with the Registrar of Trademark. According to the plaintiff, the plaintiff has got 40% share in UPI business in India. The defendants clandestinely applied for the registration of the offending mark "DigiPe" on 26.9.2022 and the said act of the defendants necessitated filing of the suit.

11. The case of the plaintiff revolves around the fact that the



O.S.A.(CAD) Nos.70 to 73 of 2023

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plaintiff's registered mark "PhonePe" is a well-known mark and the word "Pe" conceived by the plaintiff is the dominant element in the registered trademark of the plaintiff. Ergo, the usage of the same suffix "Pe" in the trademark of the defendants "DigiPe" would cause confusion in the minds of the general public with average intelligence.

12. The relief of injunction during the pendency of the suit is an equitable relief. The plaintiff has to satisfy all the ingredients viz., prima facie case, irreparable loss and balance of convenience for claiming temporary injunction. It is also trite that the appellate court shall be loath in interfering with the discretion exercised by the trial court, unless it is demonstrated that the discretion exercised is perverse and based on irrelevant facts.

13. It is not in dispute that the plaintiff is having registration for the combination of the word namely "Phone" and "Pe". The expression "Pe" is not registered. The Hindi equivalent of "Pe", to wit "is", is registered with the Trademark Registry.



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14. The plaintiff's trademark is "PhonePe", whereas the defendants' trademark is "DigiPe". Except the suffix "Pe", there is no other similarity. It appears that the suffix "Pe" of the plaintiff is not one of its kind and there are other trademarks with "Pe" already in the market, such as "Phone Pe Deal", "Phone Pe Store", "Phone Pe Crore", "Pe", "Pay" and so on. The plaintiff while registering its trademark has taken a stand before the Registrar of Trademark that such cited marks were not similar to its mark "PhonePe" for the reason that the mark "PhonePe", taken as a whole, was distinct from such marks such as "Phone Pe Deal", "Phone Pe Store", "Phone Pe Crore", etc. The plaintiff is approbating and reprobating. While getting its trademark registered, the plaintiff's stand was that the cited marks were not similar to its mark "PhonePe" and now it is making a grievance against the defendants for using the mark "DigiPe". As observed above, the grant of injunction is an equitable relief. The plaintiff has taken a somersault while taking a stand in the plaint, than what it took while registration of its mark.



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15. It needs to be considered that there are other trademarks in circulation with the suffix "Pe", such as "BharatPe". The plaintiff could not get injunction against "BharatPe". It is not that the suffix "Pe" is used by the plaintiff exclusively. As observed above, "BharatPe" is operating with suffix "Pe", so also "Phone Pe Deal", "Phone Pe Store", "Phone Pe Crore", etc.

16. It also appears that the area of operation of the plaintiff and the defendants is not completely the same. As per the case of the plaintiff, its application "PhonePe" acts as a container for various payment instruments, including but not limited to wallet, debit/credit card, Unified Payment Interface (UPI) and the external wallet. The application can be used to pay bills, recharge and send money. The plaintiff provides its services to businesses/merchants by enabling them to accept payments and services from its customers for the products and services on their platform. Whereas, the defendants "DigiPe" App facilities services only to merchant establishments and the same is not used by an individual customer. It has not been shown that the plaintiff and the defendants cater to



O.S.A.(CAD) Nos.70 to 73 of 2023

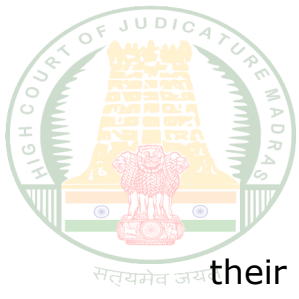
the same clientele and/or customers.

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17. The learned Single Judge has also observed that the plaintiff is changing its stand before various courts.

18. On the given facts and circumstances of the case, it is difficult to reconcile the plaintiff's stand taken before different courts. The stand taken before the Registrar of Trademark was absolutely different and not coherent with the stand taken in the present matter. The stand taken before the Delhi High Court while litigating against "BharatPe" was also completely different. The plaintiff in the said case admitted that "CardPe" was the prior user and adopter of the "Pe" formative mark. The Plaintiff is not the innovator of the "Pe" formative mark. The learned Single Judge has properly marshalled the same.

19. In the light of the above conspectus, it is not a fit case for us to substitute the views of the learned Single Judge. Moreover, the suit is also now ready for trial, where the parties can adduce



O.S.A.(CAD) Nos.70 to 73 of 2023

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their evidence and matter can be dealt with on the basis of evidence adduced by the parties.

20. We make it clear that the observations made herein above are only *prima facie* in nature and the learned Judge shall decide the suit on the basis of evidence to be adduced before it and would not be influenced by the observations made in the present appeals.

In view of the aforesaid, the appeals stand dismissed. However, with no order as to costs. Consequently, C.M.P.Nos.15132, 15133, 15134, 15141, 15142, 15143, 15160, 15165, 15169, 15155, 15162 and 15163 of 2023 are closed.

(S.V.G., CJ.)

(P.D.A., J.)

22.08.2023

Index : Yes/No
Neutral Citation : Yes/No
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To:

The Sub Assistant Registrar
Commercial Division
High Court, Madras.



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O.S.A.(CAD) Nos.70 to 73 of 2023

THE HON'BLE CHIEF JUSTICE
AND
P.D.AUDIKEVALU,J.

(sasi)

O.S.A. (CAD) Nos.70 to 73 of 2023

22.08.2023